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LANSING

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BILL ANALYSIS

BILL NUMBER: SB 374 (S-1)

TOPIC: Filling vacancies on health facility boards of trustees.

SPONSOR: Senator Moolenaar

CO-SPONSORS: None

COMMITTEE:

Analysis Done By: Mike O'Brien, OPLA, date completed: October 14, 2011

ADMINISTRATION POSITION: Neutral

PROBLEM/BACKGROUND

Currently, the process for filling vacancies on public hospital boards of trustees can be onerous, particularly in rural areas. This is because the current process requires, at a minimum, the rejection of at least two qualified candidates. This can make qualified candidates hesitant to put their name forward for future board openings.

DESCRIPTION OF BILL

To fill a vacancy on the board of a corporation or subsidiary corporation, the remaining board members must submit to the applicable governing body the names of three nominees. The governing body must consider the nominations and make appointments to the board of the corporation or subsidiary. The governing body is not required to fill a position with one of the three nominees, but if it does not, it must request and consider additional nominees as prescribed in the Act until the position is filled.

The bill would retain the requirement that the applicable governing body appoint the members of the initial board of trustees of a municipal health facilities corporation, but would delete the process involving the nomination of members to serve on the initial subsidiary board or fill vacancies. Under the bill, after the initial board of trustees, when the term of office of a trustee expired or was otherwise vacant, the remaining board members would have to fill the vacancy with the advice and consent of the applicable local governing body.

SUMMARY OF ARGUMENTS

Pro

Benefits public hospitals and retains the current governing powers for city, counties and villages in the hospitals board of trustees' selection process while keeping the largest pool of qualified candidates possible moving forward.

Con

No known opposition at this time.

FISCAL/ECONOMIC IMPACT

Are there revenue or budgetary implications in the bill to the –

- (a) Department
 - Budgetary: None
 - Revenue: None
 - Comments: None
- (b) State
 - Budgetary: None
 - Revenue: None
 - Comments: None
- (c) Local Government
 - Comments: None

OTHER STATE DEPARTMENTS

No concerns have been conveyed to LARA,

ANY OTHER PERTINENT INFORMATION

Our staff has reviewed the bill and testimony submitted during legislative hearings. Over the last several years several municipal health facilities, including hospitals, have incorporated and created new governing boards. Based on our review of the proposed bill and current licensing and certification requirements, we do not believe the bill will have any impact our existing processes. The licensing and certification requirements are general in nature relative to the governing bodies, most requirements merely call for the applicant to report who is seated on the governing bodies, not how they are seated.

ADMINISTRATIVE RULES IMPACT

None expected.